

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 INRE-00  
PM-04 NSC-05 SP-02 SS-15 L-03 ACDA-07 OMB-01  
TRSE-00 IGA-02 CIAE-00 INR-07 /059 W  
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O 121611Z JUL 77

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC IMMEDIATE 1511

SECDEF WASHDC IMMEDIATE

INFO DIRNSA IMMEDIATE

AMEMBASSY ANKARA PRIORITY

S E C R E T ATHENS 6433

E.O. 11652: GDS

TAGS: MARR, MASS, GR, US

REF: A. STATE 160956 (DTG 112238Z JUL 77)

B. STATE 158458 (DTG 072339Z JUL 77)

C. ATHENS 6133 (DTG 041333Z JUL 77)

D. ATHENS 6329 (DTG 081553Z JUL 77)

1. THE OBJECTION EXPRESSED IN PARA 1 OF REF A IS NOT CLEAR TO US, NOR DO WE UNDERSTAND HOW THE SUGGESTED REFORMULATION OF PARA 2.A. OF DRAFT EXCHANGE OF NOTES WILL CORRECT WHATEVER THAT OBJECTION IS. NEVERTHELESS, TO SAVE TIME, WE TABLED THE REFORMULATION DURING WORKING GROUP MEETING ON JULY 12.

2. GREEKS DESCRIBED CHANGE TO PARA 2-A. AS MEANINGLESS AND UNNECESSARY SINCE THE QUESTION OF VALUE IS CLEARLY COVERED IN PARA 1.A. OF THE EXCHANGE OF NOTES AND SINCE A CROSS-REFERENCE IN PARA 2.A. WOULD NOT ALTER THIS FACT. THEY WERE SOMEWHAT ANNOYED THAT AFTER THE U.S. REJECTED THE GREEK DESIRE TO HAVE THE "SYSTEM" IN PARA 2.A. REFER BACK TO THE "SYSTEM" IN PARA 1, IT NOW WANTED A CROSS-REFERENCE TO "VALUE" BETWEEN THESE TWO PARAS. (ADDRESSEES

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WILL RECALL THAT WASHINGTON REVISION (REF B) TO ATHENS PROPOSAL (REF C) DROPPED FROM PARA 2.A. THE PHRASE "MENTIONED IN PARAGRAPH 1 ABOVE" AFTER THE WORD "SYSTEM." TO SUPPORT THIS DELETION WE ARGUED THAT THE PHRASE WAS UNNECESSARY SINCE THE SYSTEM REFERRED TO IN PARA 2.A. COULD NOT BE ANYTHING OTHER THAN THE SYSTEM REFERRED TO IN PARA 1.)

3. GREEKS ARE NEVERTHELESS PREPARED TO ACCEPT ONE OF TWO OPTIONS AS FOLLOWS:

A. PARA 2.A. AS QUOTED IN REF D: "BEAR ALL COSTS OF THE SYSTEM WHICH ARE OVER AND ABOVE THE VALUE OF THE EQUIPMENT TO BE LEASED FROM THE UNITED STATES GOVERNMENT."

B. REFORMULATION GIVEN IN REF A, WITH INSERTION TO PROVIDE A CROSS-REFERENCE TO "SYSTEM" IN PARA 1: "BEAR ALL COSTS OF THE SYSTEM MENTIONED IN PARAGRAPH 1 ABOVE WHICH ARE OVER AND ABOVE THE VALUE, AS DETERMINED IN PARAGRAPH 1.A. ABOVE, OF THE EQUIPMENT TO BE LEASED FROM THE UNITED STATES GOVERNMENT."

4. WE PREFER OPTION A BECAUSE: (A) WE DO NOT SHARE THE CONCERN EXPRESSED IN PARA 1 OF REF A; (B) CROSS-REFERENCE TO PARA 1.A. IN REFORMULATION SEEMS SUPERFLUOUS; (C) GREEKS HAVE COMPLETED FULL INTERNAL COORDINATION OF LANGUAGE IN OPTION A AND RECOORDINATION OF REFORMULATION IN OPTION B COULD LEAD TO UNRAVELING AND CREATION OF NEW ISSUES.

5. COMMENT: IN NEGOTIATING PARA 1.A. OF THE DRAFT EXCHANGE OF NOTES IN REF C AS AMENDED BY REF B, WE WERE CAREFUL TO INCLUDE AND RETAIN THE PHRASE "ACQUISITION VALUE" RATHER THAN THE WORD "VALUE" STANDING ALONE. THE PURPOSE OF THIS, AS THE GREEKS FULLY UNDERSTAND, IS TO INSURE THAT THE VALUE APPLIED TO THE EQUIPMENT WE WOULD PROCURE AND LEASE TO THEM COULD NOT  
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BE LESS THAN THE VALUE EXISTING AT THE TIME THE EXCHANGE OF NOTES BECOMES OPERATIVE, I.E., WHEN ACTUAL CONTRACTS ARE LET AT SOME POINT AFTER THE DCA ENTERS INTO FORCE. THIS FORMULATION WILL ALSO PERMIT US TO INCREASE THE VALUE OF THE \$1.1 MILLION WORTH OF EQUIPMENT ALREADY UNDER PROCUREMENT FROM FY-77 FUNDS UP TO THE AMOUNT IT WOULD HAVE COST IF PROCURED IN FY-78, THUS REDUCING THE ACTUAL AMOUNT OF FY-78 FUNDS WE WILL HAVE TO EXPEND TO REACH THE AGREED VALUE LEVEL OF \$5.5 MILLION.

6. EVEN THOUGH WE HAVE NOT RECEIVED RATIONALE PROMISED IN PARA 3 OF REF A, GREEKS ACCEPTED INSERTION OF WORD "AREA" IN PARA 2.C. OF EXCHANGE OF NOTES.

7. ACTION REQUESTED: WASHINGTON APPROVAL OF ONE OF THE TWO OPTIONS IN PARA 3 ABOVE BY OPENING OF BUSINESS JULY 14 TO CLOSE THIS ISSUE.  
KUBISCH

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## Message Attributes

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**Review Markings:**  
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